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IN THE

Supreme Court of the United States

OCTOBER TERM, 1983

LETCHER T. WHITE,
Petitioner

v.

JEFFREY MINING MACHINERY COMPANY,
JEFFREY GALION, INC., and
DRESSER INDUSTRIES, INC.,
Respondents

REPLY BRIEF OF PETITIONER IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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TABLE OF CONTENTS

	Page
REPLY BRIEF OF PETITIONER IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT	1
I. The Federal Circuit Is Following a Policy and Practice of Violating the Limitations on Its Fact-Finding Powers	2
II. The Federal Circuit Meant What It Said When It Stated That It Was Not Applying the Constitutionally Mandated Standard for Reviewing Jury Verdicts	5
CONCLUSION	6

TABLE OF AUTHORITIES

	Page
CASES	
Baginsky v. United States, 697 F.2d 1070 (Fed. Cir. 1983), *cert. denied*, 104 S.Ct. 423 (1983)	3,4
Brady v. Southern Railroad, 320 U.S. 476 (1943)	2
Continental Ore Co. v. Union Carbide & Carbon Corp., 370 U.S. 690 (1962)	2
Hughes Aircraft Co. v. United States, 717 F.2d 1351 (Fed. Cir. 1983)	4
Jones v. Hardy, 727 F.2d 1524 (Fed. Cir. 1984)	3,4
Litton Systems, Inc. v. Whirlpool Corp., 728 F.2d 1423 (Fed. Cir. 1984)	3
RCA Corp. v. Applied Digital Data Systems, Inc., 730 F.2d 1440 (Fed. Cir. 1984), *petition for cert. filed*, No. 84-8 (U.S. July 5, 1984)	3
Rohm and Haas Co. v. Crystal Chemical Co., 722 F.2d 1556 (Fed. Cir. 1983), *petition for cert. filed*, No. 84-1 (U.S. July 5, 1984)	3
T. P. Laboratories, Inc. v. Professional Positioners, Inc., 724 F.2d 965 (Fed. Cir. 1984), *petition for cert. filed*, No. 83-1939 (U.S. April 2, 1984)	3
W. L. Gore & Associates, Inc. v. Garlock, Inc., 721 F.2d 1540 (Fed. Cir. 1983), *petition for cert. filed*, No. 84-2 (U.S. July 2, 1984)	3
CONSTITUTIONAL PROVISIONS	
Seventh Amendment	1,2,6
STATUTES AND RULES	
Federal Rule of Civil Procedure 52(a)	2,3,4, 6,7

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In the Petition for a Writ of Certiorari, petitioner showed that the Court of Appeals for the Federal Circuit, in reversing the jury verdicts in petitioner's favor, expressly refused to accord the deference to jury fact-findings that the Supreme Court has held is constitutionally required by the Seventh Amendment. The respondents' brief in opposition attempts to respond to this showing both by arguing that the Federal Circuit has, in *other* cases, purportedly recognized the limitations on its fact-finding powers, and by seeking to explain away the critical portion of the opinion below in which the court rejected the constitutionally mandated standard of review. However, neither of these arguments by the respondents can withstand scrutiny. The relevant facts show, *first*, that the Court of Appeals for the Federal Circuit has established a practice of *repeatedly* violating the limitations on its fact-finding powers, and *second*, that the Federal Circuit's rejection of the Seventh

Amendment standard in the present case was totally without precedent and cannot be rationalized.[1]

I. The Federal Circuit Is Following a Policy and Practice of Violating the Limitations on Its Fact-Finding Powers.

The constitutional and procedural limitations on the power of an appellate court to engage in *de novo* review of facts found below are clear. Under the Seventh Amendment, findings of fact by a jury cannot be reversed upon appeal unless, viewing the evidence in the light most favorable to the nonmoving party and giving it the benefit of all reasonable inferences in its favor, no reasonable person could have reached the jury's conclusion.[2] Under Federal Rule of Civil Procedure 52(a), fact-findings by a trial court cannot be reversed unless those findings are determined to be "clearly erroneous."

Respondents attempt to show the Federal Circuit's adherence to the limitations on its fact-finding powers by citing cases, other than the present one, in which the Federal Circuit duly noted the above rules. However, while the present case is perhaps the clearest instance in which the Federal Circuit has openly disavowed the limitations on its powers, the case is far from unique in terms of the Circuit's actual course of action. Rather, an examination of other decisions by the Federal Circuit reveals a settled policy of weighing evidence *de novo* and a studied practice of rejecting fact-findings reached below, without the mandated deference, when necessary to reach a desired result.

At present, there are at least four other petitions for a writ of certiorari pending before this Court that concern the Federal Circuit's disregard for the limitations on its fact-finding pow-

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[1] Our research has not revealed another case in the history of American jurisprudence which has held, as did the court in *White v. Jeffrey*, that a jury's determinations of fact, in the absence of legal error, are not entitled to a JNOV standard of review.

[2] *See, e.g., Continental Ore Co. v. Union Carbide & Carbon Corp.*, 370 U.S. 690 (1962); *Brady v. Southern Railroad*, 320 U.S. 476, 479-80 (1943).

ers.[3] In each of these cases, the Federal Circuit overturned trial court findings on indisputably factual issues[4] without properly observing Rule 52(a). The Court's approach to *de novo* fact-finding in these cases can only be described as casual. For example, it reverses lower court findings when "not persuaded" [5] or when a legal error "may have contributed" [6] to the lower court's factual determination. The Court then determines what, in its view, it is "reasonable to conclude," [7] particularly when it considers the factual issues "uncomplicated and not difficult to resolve." [8]

These cases, in which a writ of certiorari has been requested, are not the only ones in which the Federal Circuit has disregarded the limitations on its fact-finding powers. *See, e.g., Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1444 (Fed. Cir. 1984) (reversing trial court findings as to the similarity of two design patents, apparently on the theory that the trial court's error of law permitted *de novo* consideration of the facts); *Jones v. Hardy*, 727 F.2d 1524, 1531 (Fed. Cir. 1984) (engaging in *de novo* consideration of the facts pertaining to the issue of whether a patent was invalid for

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[3] *T.P. Laboratories, Inc. v. Professional Positioners, Inc.*, 724 F.2d 965 (Fed. Cir. 1984), *petition for cert. filed*, No. 83-1939 (U.S. April 2, 1984); *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983), *petition for cert. filed*, No. 84-2 (U.S. July 2, 1984); *Rohm and Haas Co. v. Crystal Chemical Co.*, 722 F.2d 1556 (Fed. Cir. 1983), *petition for cert. filed*, No. 84-1 (U.S. July 5, 1984); *RCA Corp. v. Applied Digital Data Systems, Inc.*, 730 F.2d 1440 (Fed Cir. 1984), *petition for cert. filed*, No. 84-8 (U.S. July 5, 1984). *See also Baginsky v. United States*, 697 F.2d 1070 (Fed. Cir. 1983), *cert. denied*, 104 S.Ct. 423 (1983).

[4] In *T.P. Laboratories, supra*, the issue was what technology a prior invention had used, in relation to the issue of whether a public use of an invention constituted "experimental" use. In *Gore, supra*, the issues included the technical meaning of certain terms used in a patent and the scope of the prior art. In *Rohm and Haas Co., supra*, the issue was a patent applicant's actual state of mind with respect to the issue of fraud. In *RCA Corp., supra*, the issue was whether an invention had been anticipated by the prior art, and depended in large part on the determination of what technology a prior invention had used.

[5] *Gore, supra*, at 1554.

[6] *Id.* at 1553.

[7] *Id.* at 1555.

[8] *Baginsky*, supra, at 1074.

obviousness); *Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1364-66 (Fed. Cir. 1983) (weighing the facts *de novo* in the course of reversing a trial court finding of noninfringement).

In White's Petition for a Writ of Certiorari, he noted that the Federal Circuit appears to misunderstand the limited fact-finding powers possessed by an appellate court, as compared with the broader fact-finding power formerly exercised by its predecessor courts, the Court of Claims and the Court of Customs and Patent Appeals. This problem has surfaced as well in cases involving the review of nonjury verdicts under Rule 52(a). *See Baginsky v. United States*, 697 F.2d 1070 (Fed. Cir. 1983), *cert. denied*, 104 S. Ct. 423 (1983), in which the Federal Circuit elected to resolve a factual issue left open by the court below instead of remanding the case for further proceedings. As the dissenting judge on the panel observed:

> . . . [T]he majority finds it appropriate to usurp the function of the Claims Court and make its own *de novo* factual findings. The majority fails to recognise that this court and the Claims Court are not a single court with both original and appellate jurisdiction as was a predecessor court, the Court of Claims.

Baginsky, supra, at 1077 (Kashiwa, J., dissenting).

White's Petition also noted the court's readiness, in the present case, to make a drastically inaccurate claim that there were no disputed facts as a "fig leaf" for its factual redeterminations. Once again, the error was not an isolated one. *See Baginsky, supra*, at 1074, in which the court took the position that it can resolve factual issues whenever, in its view, the facts are "uncomplicated and not difficult to resolve." *See also Jones v. Hardy, supra* at 1534, in which Judge Kashiwa rebutted the majority's claim that the facts were undisputed and noted that the court, purportedly in the interest of judicial economy (the same ground relied upon in *White v. Jeffrey*), had engaged in impermissible *de novo* consideration of disputed factual issues.

In summary, the Federal Circuit's willingness in the present case to exceed the limitations on its fact-finding powers

is not, as the respondents would have it, an isolated phenomenon. Rather, the present case is part of a recurrent pattern in which the Federal Circuit has chosen to exercise fact-finding powers that it does not possess. This practice requires immediate correction by the Supreme Court before further harm is done to litigants' rights and to proper practice in the Federal Circuit.

II. The Federal Circuit Meant What It Said When It Stated That It Was Not Applying the Constitutionally Mandated Standard for Reviewing Jury Verdicts.

In addition to arguing that the Federal Circuit has not exceeded its powers of appellate review in *other* cases, respondents also attempt to defend the court's decision in the present case. In particular, respondents seek to explain away the court's statement that it was not applying the constitutionally mandated standard because "the jury was not here required to evaluate the question of obviousness in light of the invention *as claimed* . . ." (Petition, Appendix B at page 9b n. 6).

While respondents express their conviction that the above statement does not mean that the court was not applying the constitutionally mandated standard, they are unable to decide what it *does* mean. In particular, they cannot decide whether the court purportedly did apply the standard, but without benefit to White, or whether it purportedly did not have to apply the standard. *Compare* Respondents' Brief at page 7 ("[The Court of Appeals] reviewed the evidence, viewing all facts in the light most favorable to the prevailing party . . .") with Respondents' Brief at page 12 (". . . there was no evidence to be viewed in the light most favorable to White and . . . there were no reasonable inferences which could be drawn from the evidence in favor of White.").

Neither of the two contradictory explanations advanced by the respondents can justify the court's decision. As was documented in detail in the Petition for a Writ of Certiorari (at pages 17-23), the facts were substantially disputed, and the court consistently failed to view the facts favorably to White (or even, in some cases, consistently with the record). Respondents

cannot—and have not even attempted to—rebut these showings, and rely instead on bare conclusory assertions.

The Respondents' Brief, at page 16, disputes petitioner's explanation that the court's rejection of the Seventh Amendment standard "seems to proceed from a *de novo* factual determination that the White patent did not disclose a shortwall device." Respondents describe this interpretation of the court's holding as "concocted" by petitioner without any support. In fact, however, as respondents well know, the issue of whether the patent disclosed a shortwall device was argued at length not only at trial but on brief to the Federal Circuit. This issue was the single most prominent point of dispute between the parties relating to the claims of the White patent. Thus, petitioner's interpretation provides the best available explanation of the Federal Circuit's cryptic statement of its reasons for rejecting the constitutionally mandated standard of review. However, petitioner's suggested explanation need not be correct in order for the court's violation of the Seventh Amendment to be clear. There *was* no permissible basis for disregarding the mandated standard, and the court failed to articulate clearly the grounds for its holding to the contrary. The Federal Circuit's willingness to reject the Seventh Amendment standard without a meaningful explanation only underlines the importance of granting a writ of certiorari in order to instruct it more fully about its constitutional obligations.

CONCLUSION

The Federal Circuit's opinion here makes plain that patent litigants face the prospect of appellate redetermination of factual issues found favorably to them by the jury. Moreover, other cases decided in the Federal Circuit and discussed in this brief, including those as to which a petition for a writ of certiorari is pending, demonstrate that the problem is not limited to jury trials or to patent litigants. Rather, the Federal Circuit has adopted a settled practice of impermissible *de novo* redetermination of factual issues resolved in the trial court.

The Seventh Amendment issue raised in the present case is closely related to the issue under Rule 52(a) raised in this and

other pending petitions for a writ of certiorari to the Federal Circuit. Thus, this petition and the others discussed herein [9] should be treated consistently. Since the White petition is the only one that arises out of a jury trial, a grant of the White petition, in addition to a grant of at least one of the other petitions raising the Rule 52(a) issue, is necessary for this court to define the full scope of the Federal Circuit's fact-finding power.[10]

Respectfully submitted,

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[9] *See* page 3 n. 3, *supra*.

[10] Alternatively, if certiorari is granted with respect to any of the other petitions raising the Rule 52(a) issue, and since an appellate court's fact-finding powers are even more limited in a jury than in a non-jury case, the decision in *White v. Jeffrey* should be vacated and the case remanded to the Federal Circuit for further consideration consistent with the decision under Rule 52(a).